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LOCAL AUDIT & FINANCE DIV.

WEST IRON COUNTY FIRE BOARD

Financial Report
With Supplemental Information
Prepared in Accordance with GASB 34

March 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name WEST IRON COUNTY FIRE BOARD	County IRON
Audit Date 3/31/05	Opinion Date 7/15/05	Date Accountant Report Submitted to State: 9/13/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASL GU).			✓

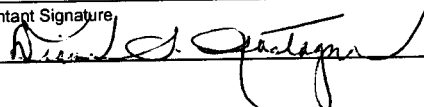
Certified Public Accountant (Firm Name) DS ROSTAGNO, CPA, P.C.			
Street Address 101 WEST MAPLE STREET	City IRON RIVER	State MI	ZIP 49935
Accountant Signature 		Date 9/13/05	

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INDEPENDENT AUDITOR'S REPORT

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Directors
West Iron County Fire Board
Iron River, Michigan 49935

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and aggregate remaining information of the **West Iron County Fire Board**, as of and for the year ended March 31, 2005, which collectively comprise the Fire Board's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Fire Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

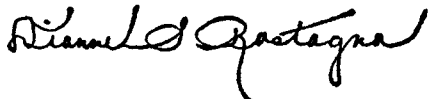
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **West Iron County Fire Board** at March 31, 2005, and the respective changes in financial position thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2005 on our consideration of the **West Iron County Fire Board's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 7 through 14 and the budgetary comparison information are not a required part of the basic financial statements but are supplemental information required by the *Governmental Accounting Standards Board* and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **West Iron County Fire Board's** basic financial statements. The combining and individual fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

July 15, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST IRON COUNTY FIRE BOARD

P.O. Box 203
Iron River, Michigan 49935

The management of the **West Iron County Fire Board** provides this narrative overview and analysis of the financial activities of the **West Iron County Fire Board** for the fiscal year ended March 31, 2005. As readers, you are encouraged to read this discussion and analysis in conjunction with the Fire Board's financial statement information included in this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fire Board's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Fire Board's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Fire Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fire Board is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include not only the Fire Board itself (known as the primary government), but also the following legally separate component unit for which the Fire Board is financially accountable - the *West Iron County Volunteer Fire Department*. Financial information for this component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements

The Fire Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Fire Board are governmental funds.

WEST IRON COUNTY FIRE BOARD

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Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Fire Board's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements and the fund financial statements is included as part of the basic financial statements.

The Fire Board maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and debt service fund, both of which are considered major funds.

The Fire Board adopts an annual budget for its general fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund, and is included in the "Required Supplementary Information" section of this document. Although not required, this same information is also provided for the Debt Service Fund.

Notes to the Financial Statements

Notes to the financial statements are included in the basic financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

Supplementary Information

Required supplementary information follows the basic financial statements, and includes budgetary comparison schedules for the General Fund as presented in the governmental fund financial statements.

WEST IRON COUNTY FIRE BOARD

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Government-wide Financial Analysis

In time, net assets of a governmental entity may serve as a useful indicator of the government's financial position. In the case of the Fire Board, assets exceeded liabilities by \$ 467,543 at March 31.

By far, the largest portion of the Fire Board's net assets is its investment in capital assets (land, buildings, machinery, and equipment), less any outstanding debt related to acquiring the asset. These capital assets are used to provide services to citizens and are not available for future spending. Although the Fire Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At March 31, 2005, the Fire Board reported \$ 366,470 in net assets invested in capital assets net of related debt.

Summary of Net Assets

In a condensed format, the following is a summary of the Fire Board's net assets at March 31, 2005 and March 31, 2004.

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
<u>Assets</u>		
Current and other assets	\$ 101073	\$ 92244
Capital assets, net	<u>366470</u>	<u>370118</u>
Total Assets	467543	462362
<u>Liabilities</u>		
Long-term liabilities	0	8833
Other liabilities	<u>0</u>	<u>11919</u>
Total Liabilities	\$ 0	\$ 20752

WEST IRON COUNTY FIRE BOARD

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Government-wide Financial Analysis (Continued)

Summary of Net Assets (Continued)

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	\$ 366470	\$ 349366
Restricted	0	0
Unrestricted	<u>101073</u>	<u>92244</u>
Total Net Assets	\$ 467543	\$ 441610

For governmental activities, net assets increased by \$ 25,933 during the year.

The following represents the change in net assets for the Fire Board's governmental funds for fiscal years ended March 31, 2005 and March 31, 2004.

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
<u>Program Revenues</u>		
Charges for services	\$ 3163	\$ 15407
Operating grants and contributions	76000	120046
Capital grants and contributions	10500	0
<u>General Revenues</u>		
Investment earnings	3429	3219
Other	<u>12583</u>	<u>1673</u>
Total Revenues	\$ 105675	\$ 140345

WEST IRON COUNTY FIRE BOARD

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Government-wide Financial Analysis (Continued)

Summary of Net Assets (Continued)

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
<u>EXPENSES</u>		
Administration	\$ 11376	\$ 9154
Fire Protection	38155	54579
Debt Service		
Interest and fees	445	1503
Depreciation	<u>29766</u>	<u>25631</u>
Total governmental expenses	79742	90867
 Increase (Decrease) in Net Assets	 25933	 49478
 Net Assets, Beginning of Year	 <u>441610</u>	 <u>392132</u>
 Net Assets, end of year	 \$ 467543	 \$ 441610

Governmental Activities

For the fiscal year ended March 31, 2005, operating grants totaled \$ 76,000, or approximately 71.9 percent of total governmental revenues, consisting entirely of assessments from the participating municipalities. For the fiscal year ended March 31, 2004, operating grants and contributions were \$ 120,046, or approximately 85.5 percent of total governmental revenues. These grants consisted of a Domestic Preparedness Grant in the amount of \$ 6,656, and a Homeland Security Grant for \$ 4,990, both received from the State of Michigan, and \$ 32,400 from FEMA, a direct federal grant. A total of \$ 76,000 was received from assessments from participating local units of government.

The Fire Board expended \$ 79,742, and \$ 90,867, respectively, on governmental programs and services. The largest expense category was incurred for fire protection, which totaled \$ 38,155 in 2005 and \$ 54,579 in 2004, or approximately 48 and 60 percent of total expenditures, respectively. Costs incurred for capital outlay were \$ 26,118 in 2005, compared to \$ 47,305 in 2004.

WEST IRON COUNTY FIRE BOARD

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Financial Analysis of the Governmental Funds

As previously noted, the Fire Board uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the Fire Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Fire Board's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Fire Board's governmental funds reported combined ending fund balances of \$ 101,073 and \$ 99,244 for 2005 and 2004, respectively, all of which all is unreserved and is available for spending at the government's discretion.

The Fire Board's primary governmental fund is its general fund. There are no reservations in the general fund's fund balance.

Expenditures – Budget vs Actual for the Year Ended March 31, 2005

<u>Expenditures</u> <u>Original Budget</u>	<u>Expenditures</u> <u>Final Budget</u>	<u>Expenditures</u> <u>Final Actual</u>	<u>Variance</u> <u>Actual and</u> <u>Original</u> <u>Budget</u>	<u>Variance</u> <u>Actual and</u> <u>Final Budget</u>
\$ 89000	\$ 89000	\$ 75649	\$ 13351	\$ 13351

Revenues – Budget vs Actual for the Year Ended March 31, 2005

<u>Revenues</u> <u>Original Budget</u>	<u>Revenues</u> <u>Final Budget</u>	<u>Revenues</u> <u>Final Actual</u>	<u>Variance</u> <u>Actual and</u> <u>Original</u> <u>Budget</u>	<u>Variance</u> <u>Actual and</u> <u>Final Budget</u>
\$ 111000	\$ 111000	\$ 105675	\$ (5325)	\$ (5325)

WEST IRON COUNTY FIRE BOARD

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Governmental Funds (Continued)

On the budgetary basis of accounting, the Fire Board ended the fiscal year with revenues slightly lower than the final projection. Total expenditures were also slightly lower than projected. At fiscal year end, the fund balance was higher than either the original or the final amended budget projections.

General fund financial and budgetary highlights of the fiscal year include:

- * Fire service revenue came in at just \$ 3,163, compared to the budgeted \$ 10,000. This was due to the fact that there were only thirty-three fires this year, compared to fifty-two fires in previous fiscal year, thus falling short of the budgeted estimate.
- * Other revenue was up slightly from the initial and final amended projections.
- * Expenditures in total for the general fund were \$ 13,351 less than the final amended budget of \$ 89,000. This was due to the fact expenditures were slightly less than appropriated amounts in all governmental activities.

Capital Assets and Debt Administration

Capital Assets

The Fire Board's investment in capital assets, net of accumulated depreciation, for its governmental activities as of March 31, 2005 was \$ 366,470. The investment in capital assets includes land, buildings, fire truck and equipment, protective gear, communications equipment, and other safety equipment.

There were no major capital events during the current year. The largest capital investment made during the current fiscal year was a siren at a cost of \$ 22,905.

Long-term debt

As of March 31, 2005, the Fire Board had no outstanding debt, having paid off the balance owed on the fire truck in the amount of \$ 20,752.

WEST IRON COUNTY FIRE BOARD

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Priorities and Accomplishments

The following areas highlight the Fire Board's priorities and accomplishments:

The first and foremost priority of the **West Iron County Fire Board** is to provide fire protection to area residents at a reasonable cost, while equipping the volunteers with adequate tools and equipment to assure their safety. With the help of grants and annual payments by the participating local units of government, the Fire Board has been able to keep this equipment up to date.

Future plans include the replacement of an older pumper truck, as well as the continuous replacement of other equipment as needed.

Requests for Information

This financial report is designed to provide a general overview of the Fire Board's finances for all those with an interest in the Fire Board's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

West Iron County Fire Board
P.O. Box 203
Iron River, Michigan 49935

BASIC FINANCIAL STATEMENTS

WEST IRON COUNTY FIRE BOARD

STATEMENT OF NET ASSETS

MARCH 31, 2005

	Governmental Activities	Component Units	Reporting Entity Totals
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents (Note C)	\$ 95303	\$ 22032	\$ 117335
Accounts Receivable	5770		5770
Total Current Assets	101073	22032	123105
<u>Noncurrent Assets</u>			
Capital Assets, Net (Note H)	366470	0	366470
Total Noncurrent Assets	366470	0	366470
TOTAL ASSETS	<u>\$ 467543</u>	<u>\$ 22032</u>	<u>\$ 489575</u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	0	0	0
Total Current Liabilities	0	0	0
<u>Noncurrent Liabilities</u>			
Bonds/Notes Payable (Note I)	0	0	0
Total Noncurrent Liabilities	0	0	0
TOTAL LIABILITIES	0	0	0
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	366470	0	366470
Restricted for Debt Services	0	0	0
Unrestricted	101073	22032	123105
TOTAL NET ASSETS	<u>\$ 467543</u>	<u>\$ 22032</u>	<u>\$ 489575</u>

The notes to the financial statements are integral part of this report.

WEST IRON COUNTY FIRE BOARD

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2005

PROGRAM REVENUES

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>
Primary Government -				
Public Safety:				
Administration	11376			
Fire Protection	38155	3163	76000	10500
Interest on Long-Term Debt	445			
Depreciation (Unallocated)	29766			
Total Governmental Activities	79742	3163	76000	10500
TOTAL PRIMARY GOVERNMENT	\$ 79742	\$ 3163	\$ 76000	\$ 10500

Component Units

West Iron County Volunteer			
<u>Fire Department</u>	46714	7044	556

General Revenues:
Miscellaneous Refunds/Rebates
Interest and Investment Earnings
Fund Raising

Total General Revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

WEST IRON COUNTY FIRE BOARD

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2005

**Net(Expense)
Revenue
and Changes in
Net Assets**

<u>Governmental Activities</u>	<u>Component Units</u>
-11376	
51508	
-445	
<u>-29766</u>	
9921	0
\$ 9921	\$ 0
	-39114
12583	700
3429	180
	<u>34523</u>
16012	35403
25933	-3711
<u>441610</u>	<u>25743</u>
<u>\$ 467543</u>	<u>\$ 22032</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

BALANCE SHEET
GOVERNMENTAL FUNDS

MARCH 31, 2005

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Investments (Note C)	\$ 95303	\$ 0	\$ 95303
Accounts Receivable	5770	0	5770
TOTAL ASSETS	\$ 101073	\$ 0	\$ 101073
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	0	0	0
Total Liabilities	0	0	0
<u>Fund Balances</u>			
Reserved for Debt Service	0	0	
Unreserved and undesignated	101073	0	101073
Total Fund Balances	101073	0	101073
TOTAL LIABILITIES AND FUND BALANCES	\$ 101073	\$ 0	\$ 101073

The notes to the financial statements are integral part of this report.

WEST IRON COUNTY FIRE BOARD

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

MARCH 31, 2005

Fund Balances - Total Governmental Funds	\$ 101073
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities
are not financial resources and are not
reported in the funds.

The cost of capital assets is:

635775

Accumulated depreciation is:

-269305

Long term liabilities are not due and payable
in the current period and are not reported
in the funds:

Bonds Payable

0

Other long term assets not available to pay
current period expenditures therefore
deferred in the funds

0

Accrued interest is not included as a liability
in governmental funds

0

Amounts due to other non-governmental funds
are not reported in the government-wide financial
statements

0

Total Net Assets - Governmental Activities	\$ 467543
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\$ 467543

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

MARCH 31, 2005

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenue			
Local Unit Assessments	\$ 76000	\$ 0	\$ 76000
Use of money and property	3429		3429
Miscellaneous	15746		15746
Intergovernmental	10500		10500
Total Revenue	\$ 105675	\$ 0	\$ 105675
Expenditures			
Current Operating:			
Public Safety	38660		38660
Administration	10871		10871
Debt Service			
Principal		20752	20752
Interest and Fees		445	445
Capital Outlay	26118		26118
Total Expenditures	75649	21197	96846
Excess (Deficiency) of Revenues Over Expenditures	30026	-21197	8829
Other Financing Sources (Uses)			
Operating transfers in	0	21197	21197
Operating transfers out	-21197	0	-21197
		0	0
Total Other Financing Sources(Uses)	-21197	21197	0
Net Change in Fund Balances	8829	0	8829
FUND BALANCE - Beginning of Year	92244	0	92244
FUND BALANCE - End of Year	\$ 101073	\$ 0	\$ 101073

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2005

Net Change in Fund Balances - Total Governmental Funds **\$ 8829**

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; in
the statement of activities, these costs are allocated over their
estimated useful lives as depreciation.

Depreciation Expense	-29766
Capital Outlay	<u>26118</u>

Total	-3648
-------	-------

Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	0
---	---

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	0
---	---

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	20752
---	-------

Increases Decreases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6	0
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Change in Net Assets of Governmental Activities **\$ 25933**

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS

MARCH 31, 2005

	WEST IRON COUNTY VOLUNTEER FIRE DEPARTMENT
<u>ASSETS</u>	
Current Assets	\$
Cash and Cash Equivalents	<u>22032</u>
Total Current Assets	22032
TOTAL ASSETS	\$ <u>22032</u>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	<u>0</u>
Total Current Liabilities	0
TOTAL LIABILITIES	\$ 0
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	0
Unrestricted Net Assets	<u>22032</u>
TOTAL NET ASSETS	\$ <u>22032</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS

YEAR ENDED MARCH 31, 2005

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
<u>West Iron County Volunteer Fire Department</u>	\$ 46714	\$ 7044	\$ 556	-\$ 39114
	<u>\$ 46714</u>	<u>\$ 7044</u>	<u>\$ 556</u>	<u>-\$ 39114</u>
<i>General Revenues:</i>				
Fund Raising				34523
Interest and Investment earnings				180
Miscellaneous				<u>700</u>
<i>Total General Revenues</i>				35403
<i>Change in Net Assets</i>				-3711
Net Assets-Beginning of Year				<u>25743</u>
Net Assets-End of Year				<u><u>\$ 22032</u></u>

The notes to the financial statements are an integral part of this report.

NOTES TO THE FINANCIAL STATEMENTS

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by the **West Iron County Fire Board**, Iron River, Michigan, conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

THE FINANCIAL REPORTING ENTITY

The **West Iron County Fire Board** was organized in 1987 and provides fire protection for Iron River, Bates and Stambaugh Townships, and the City of Iron River, Iron County, Michigan. The Board operates under an appointed board of commissioners (9 people) and provides fire protection services to more than 4500 residents.

The criteria established by GASB Statement 14, The Financial Reporting Entity, is used to determine the primary government unit and the component units to be included in the financial reporting entity. This Statement describes the characteristics of a primary government unit, which includes a separately elected governing board, legally separate government possessing corporate power and separate legal standing, and fiscal independence.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

THE FINANCIAL REPORTING ENTITY (Continued)

On this basis, the financial statements of the *West Iron County Volunteer Fire Department* are included in the financial statements of the **West Iron County Fire Board** as a discretely presented component unit.

WEST IRON COUNTY VOLUNTEER FIRE DEPARTMENT

The *West Iron County Volunteer Fire Department* was organized in 1987 and consists of volunteer fire fighters from the City of Iron River and the townships of Bates, Iron River, and Stambaugh. The purpose of the organization is to preserve and protect all life and property as declared by the **West Iron County Fire Board**.

The officers, elected by a plurality of votes of members present at the annual meeting consist of a Chief, Assistant Chief, First Captain, Second Captain, Training Officer, and Secretary/Treasurer.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BLENDED COMPONENT UNITS

A blended component unit is a legally separate entity from the local unit, but is so intertwined with the local unit that it is, in substance, the same as the local governmental unit.

A basic strategy of GASB 14 is to present financial information for component units separately from the financial information for the primary government.

This is achieved through the discrete presentation method. However, in the case of blended component units, GASB believes that it would be more appropriate to use the blending method to incorporate the financial information of a component unit into the reporting entity's financial statements.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BLENDED COMPONENT UNITS (Continued)

When the blending method is used, transactions and balances of a component unit are merged with similar transactions and balances of the primary government so that there is no way to identify which balances relate to the component unit and which relate to the primary government.

JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility.

An ongoing financial responsibility is determined as a participating government's obligation in some manner for debts or the joint venture's existence depends on continued funding by the participating government.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINT VENTURES (Continued)

There are no joint ventures to be reported.

JOINTLY GOVERNED ORGANIZATIONS

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

There are no jointly governed organizations to be reported.

RELATED ORGANIZATIONS

A related organization is an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relations) even though the primary government appoints a voting majority of the organization's governing board.

WEST IRON COUNTY FIRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED ORGANIZATIONS (Continued)

There are no related organizations to be reported.

BASIS OF PRESENTATION

The Fire Board follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 adds the following components to the financial statements:

Management's Discussion and Analysis

A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

Government-wide financial statements

These include financial statements prepared using full accrual accounting for all of the government's activities.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Government-wide financial statements
(Continued)

This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Annual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Program Activities.

Statement of Net Assets

The Statement of Net Assets displays the financial position of the primary government (government and business-type activities) and its discretely presented component units.

WEST IRON COUNTY FIRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

***Statement of Net Assets* (Continued)**

Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expenses - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government are broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Program Activities

The statement of program activities reports expenses and revenues in a format that focuses on the cost of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Budgetary comparison schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Fire Board and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

Budgetary comparison schedules (Continued)

Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The discretely presented component units are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The discretely presented component unit has a December 31 fiscal year-end.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the Fire Board as a whole) and fund financial statements. The reporting model focus is on both the Fire Board as a whole and the fund financial statements, including the major individual funds of the governmental categories.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental. In the government-wide Statement of Net Assets, the governmental column (a) is presented, and (b) is reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Both government-wide and fund financial statement presentations provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. The Fire Board generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The Fire Board may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety) that is otherwise being supported by general government revenues (Interest and Investment earnings). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

The program revenues must be directly associated with the function (public safety).

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Program revenues include 1) charges to customers for fire protection and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function of segment. Other items not properly included among program revenues are reported as general revenues. The Fire Board does not allocate indirect expenses. When applicable, the operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the Fire Board are organized on the basis of funds.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The following is a brief description of the specific funds used by the Fire Board.

GOVERNMENTAL FUNDS

These funds are those through which most governmental functions typically are financed.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL
STATEMENTS (Continued)

GOVERNMENTAL FUNDS (Continued)

The acquisition, use, and balances of the Fire Board's expendable financial resources and the related current liabilities are accounted for through the Governmental Funds. These funds are as follows:

General Fund

This fund is used for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit.

Revenues are derived primarily from assessments from the participating municipalities.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL
STATEMENTS (Continued)

GOVERNMENTAL FUNDS (Continued)

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statement of net assets and statement of activities are accounted for on a flow of economic resources measurement focus.

With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the statement of net assets.

The statement of net assets and statement of activities are presented on the accrual basis of accounting.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General and Debt Service funds are maintained and reported on the modified basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. Interest income is recorded as earned. Federal and state reimbursement-type grants revenue is considered to be measurable and available as revenue when related eligible expenditures are incurred.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Expenditures, other than accrued interest and long-term debt, are recorded when the fund liability is incurred.

The local government unit applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed for accountability purposes only.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

ENCUMBRANCES

It is the Fire Board's policy to honor all unfilled contracts/orders at year-end, but the authority to complete these transactions is provided by the new year's budget appropriations, as unexpended appropriations of the current year lapse at year-end.

CASH AND CASH EQUIVALENTS

The Fire Board pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The Fire Board classifies cash on hand, cash on deposit (including certificates of deposit), and highly liquid investments with an original maturity of ninety days or less when purchased as cash in its financial statements.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

INVENTORIES

Inventories of supplies are expended as received.

RECEIVABLES

Accounts which will be collected within sixty days of year-end are accrued as accounts receivable in the General Fund. On an annual basis the charges are reviewed for collectibility.

INTEREST RECEIVABLE

Interest on certificates of deposit is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

DUE TO/FROM OTHER FUNDS

Transactions between funds that had not been paid or received as of fiscal year-end have been recorded as interfund accounts receivable and payable in the financial statements. These interfund receivables and payables do not represent Board-approved loans between funds.

DEFERRED REVENUE

Deferred revenue represents amounts under the modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, whereby such amounts are measurable but not considered currently available resources.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances represent the amount that has been legally identified for specific purposes. Designated fund balances represent amounts earmarked by the Fire Board for future expenditures.

BUDGETS AND BUDGETARY ACCOUNTING

The Fire Board follows the State of Michigan Uniform Budgeting and Accounting Act for budgeting procedures. Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

BUDGETS AND BUDGETARY ACCOUNTING
(Continued)

Unexpended appropriations lapse at fiscal year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31 of the preceding fiscal year, the Fire Board prepares a budget for the next fiscal year beginning April 01. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Fire Board is then called for the purpose of adopting the proposed budget after sufficient public notice of the meeting has been given.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

BUDGETS AND BUDGETARY ACCOUNTING
(Continued)

3. Prior to April 01, the budget is legally enacted through passage of a resolution by the members of the Fire Board.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Fire Board. Amendments are presented to the Fire Board at their regular meetings. Each amendment must have Fire Board approval.

NON-MONETARY TRANSACTIONS

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS

Capital outlays are recorded as expenditures of the General Fund and as assets in the governmental-wide statements to the extent the Fire Board's threshold of \$ 500 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings 20 - 30 years

Infrastructure 10 - 65 years

Furniture and Other

Equipment 5 - 20 years

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS (Continued)

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

COMPENSATED ABSENCES

There are no compensated absences to be reported.

POST EMPLOYMENT BENEFITS

There are no post employment benefits for the West Iron County Fire Board.

WEST IRON COUNTY FIRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - INTERFUND ACTIVITIES

INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables do not represent interfund borrowings; instead, they represent actual amounts which are pending between funds at year-end due to the timing of cash flows. Generally, these amounts clear shortly after year-end when resources become available.

On March 31, 2005, the Fire Board had no interfund receivables/payable.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE B - INTERFUND ACTIVITIES (CONTINUED)

OPERATING TRANSFERS

Interfund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended March 31, 2005, the Fire Board authorized the following transfer for the payment of principal and interest on the fire truck loan:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 0	\$ 21197
Debt Service	<u>21197</u>	<u>0</u>
Total Operating Transfers	\$ <u>21197</u>	\$ <u>21197</u>

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE B - INTERFUND ACTIVITIES (CONTINUED)

OTHER FINANCING SOURCES (USES)

The transfers of cash between the various Fire Board's funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

NOTE C - CASH, DEPOSITS, AND INVESTMENTS

PRIMARY GOVERNMENT

On March 31, 2005 the carrying value of the Fire Board's deposits (Primary Government) was \$ 95,303 and is comprised of cash and deposits reflected in the following funds:

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT (Continued)

<u>Governmental Funds</u>	
General Fund	\$ <u>95303</u>
Total Governmental Funds	\$ 95303

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

The three levels of risk are as follows:

Category 1	Deposits which are insured or collateralized with securities held by the Fire Board or by its agent in the Fire Board's name.
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WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Fire Board's name.

Category 3 Deposits which are not collateralized or insured.

Based on these levels of risk, the Fire Board's cash deposits (Primary Government) are classified as follows:

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

SCHEDULE OF CASH AND DEPOSITS

PRIMARY GOVERNMENT

	Category 1	Category 2	Category 3	Total
Cash and Deposits	\$ 95303	\$ -0-	\$ -0-	\$ 95303

COMPONENT UNITS

On March 31, 2005, the carrying value of the Component Unit's deposits was \$ 22,032.

Based on the levels of risk, the Component Unit's cash and deposits are classified as follows:

	Category 1	Category 2	Category 3	Total
Cash and Deposits	\$ 22026	\$ -0-	\$ 6	\$ 22032

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

INVESTMENTS

The Fire Board's investments are categorized below to give an indication of the level of risk assumed at year-end. **Category 1** includes investments that are insured or registered or for which the securities are held by the Fire Board or its agent in the Fire Board's name. **Category 2** includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's safekeeping department or agent in the Fire Board's name. **Category 3** includes uninsured and registered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent, but not in the Fire Board's name.

Neither the Fire Board nor the Component Units have investments, as reflected below:

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Category</u> <u>1</u>	<u>Category</u> <u>2</u>	<u>Category</u> <u>3</u>	<u>Carrying</u> <u>Value</u>	<u>Market</u> <u>Value</u>
	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Investments	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATUTORY AUTHORITY

Act 196, PA 1997, authorizes the Fire Board to deposit and invest in:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution eligible to be a depository of funds belonging to the State of Michigan under a law or rule of this state or the United States.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments issued by the United States or an agency or instrumentality of the United States.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

5. Bankers acceptances of United States banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Act of 1950 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

The Fire Board has adopted an investment policy, allowing for all types of deposits and investments listed above. The Fire Board's deposits and investments are in compliance with it's investment policy.

WEST IRON COUNTY FIRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2005

NOTE D - PENSION PLAN

The Fire board does not maintain a pension plan.

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

BUDGET VIOLATIONS

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated.

The West Iron County Fire Board's actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the West Iron County Fire Board were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2004-2005 expenditures did not exceed the amended budget allocations.

WEST IRON COUNTY FIRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2005

NOTE F - ACCUMULATED FUND DEFICITS

At March 31, 2005, the Fire Board had no fund balance/retained earnings deficit in any fund.

NOTE G - RISK MANAGEMENT

The Fire Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fire Board maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Fire Board.

NOTE H - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2005:

WEST IRON COUNTY FIRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2005

NOTE H - CAPITAL ASSETS (CONTINUED)

GOVERNMENTAL ACTIVITIES

<u>Capital Assets Not Being Depreciated</u>	<u>Balance March 31, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance March 31, 2005</u>
Land and Land Improvements	\$ 2500	\$ 0	\$ 0	\$ 2500
Total Capital Assets Not Being Depreciated	\$ 2500	\$ 0	\$ 0	\$ 2500
<u>Other Capital Assets</u>				
Buildings	240000	2688	0	242688
Furniture & Other Equip.	367156	23430	0	390586
Total Other Cap. Assets	\$ 607156	\$ 26118	\$ 0	\$ 633274
<u>Less Accumulated Depreciation for:</u>				
Buildings	(50400)	(4825)	0	(55225)
Furniture & Other Equip.	(189138)	(24941)	0	(214079)
Total Accum. Depreciation	(239538)	(29766)	0	(269304)
Other Capital Assets, Net	367618	(3648)	0	363970
TOTALS	\$ 370118	\$ (3648)	\$ 0	\$ 366470

WEST IRON COUNTY FIRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2005

NOTE I - LONG-TERM DEBT

The following is a summary of changes of the primary government's long-term debt obligation on March 31, 2005.

GOVERNMENTAL ACTIVITIES

<u>NOTE PAYABLE</u>	<u>3/31/04</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>3/31/05</u>
Wells Fargo Bank #0003-4	\$ <u>20752</u>	\$ <u>-0-</u>	\$ <u>20752</u>	\$ <u>-0-</u>
Total Long-Term Debt Account Group	\$ <u>20752</u>	\$ <u>-0-</u>	\$ <u>20752</u>	\$ <u>-0-</u>

**NOTE PAYABLE - WELLS FARGO BANK FIRE TRUCK
LOAN #0003-4**

In September, 2002, the West Iron County Fire Board borrowed \$ 53,897 from the Wells Fargo Bank, Iron River, Michigan, at 4.47% for the purpose of financing a new fire truck. The loan was payable in monthly installments of \$ 993.21 over a five (5) year period.

The loan was paid in full during the fiscal year ended March 31, 2005.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

MARCH 31, 2005

NOTE J - RELATED PARTY TRANSACTIONS

Related parties exist when there is a relationship that offers potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there are no related party transactions reported in the financial statements.

WEST IRON COUNTY FIRE BOARD

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2005

NOTE K - SUBSEQUENT EVENTS

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

At fiscal year ended March 31, 2005, there were no subsequent events that would have a significant affect on the Fire Board's operations.

NOTE L - COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies to be reported for the **West Iron County Fire Board** for the fiscal year ended March 31, 2005.

REQUIRED SUPPLEMENTAL INFORMATION

WEST IRON COUNTY FIRE BOARD

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>Revenue</u>			
Local Unit Assessments	\$ 76000	\$ 76000	\$ 76000
Fire Service Revenue	10000	10000	3163
Use of money and property	2500	2500	3429
Other revenue	12000	12000	12583
Intergovernmental	10500	10500	10500
Total Revenue	\$ 111000	\$ 111000	\$ 105675
<u>Expenditures</u>			
Administration	11300	11300	10871
Public Safety			
Fire Protection	11100	11100	9543
Equipment	1700	1700	1573
Fire Hall	12000	12000	10615
Other Expenses	18900	18900	16929
Capital Outlay	34000	34000	26118
Total Expenditures	89000	89000	75649
<u>Other Financing Sources (Uses)</u>			
Operating transfers in			
Operating transfers out	(22000)	(22000)	(21197)
Transfers to component units			
Total Other Financing Sources (Uses)	(22000)	(22000)	(21197)
Net Change in Fund Balance	0	0	8829
Fund Balance -Beginning of year	92244	92244	92244
Fund Balance - End of year	\$ 92244	\$ 92244	\$ 101073

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>Revenue</u>			
Total Revenue	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>			
Debt Service			
Principal	20752	20752	20752
Interest	1248	1248	445
Total Expenditures	22000	22000	21197
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	22000	22000	21197
Operating transfers out			
Total Other Financing Sources (Uses)	22000	22000	21197
Net Change in Fund Balance	0	0	0
Fund Balance -Beginning of year	0	0	0
Fund Balance - End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this report.

OTHER SUPPLEMENTAL INFORMATION

WEST IRON COUNTY FIRE BOARD

**COMBINING BALANCE SHEET
ALL GOVERNMENTAL FUND TYPES**

MARCH 31, 2005

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>TOTAL (Memorandum Only)</u>
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and deposits	\$ 95303	\$ 0	\$ 95303
Accounts receivable	5770	0	5770
Total Current Assets	101073	0	101073
TOTAL ASSETS	<u>\$ 101073</u>	<u>\$ 0</u>	<u>\$ 101073</u>
 <u>FUND EQUITY</u>			
Fund Balance, Unreserved	101073	0	101073
TOTAL FUND EQUITY	<u>\$ 101073</u>	<u>\$ 0</u>	<u>\$ 101073</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-ALL
GOVERNMENTAL FUND TYPES**

FISCAL YEAR ENDED MARCH 31, 2005

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>(Memorandum Only)</u>
<u>REVENUES</u>			
Assessments	\$ 76000	\$	\$ 76000
Interest	3429		3429
Other	15746		15746
Grants	<u>10500</u>		<u>10500</u>
TOTAL REVENUES	105675	0	105675
<u>EXPENDITURES</u>			
Legislative	10871		10871
Public Safety	38660		38660
Capital Outlay	26118		26118
Debt Services	<u>0</u>	<u>21197</u>	<u>21197</u>
TOTAL EXPENDITURES	<u>75649</u>	<u>21197</u>	<u>96846</u>
Excess of Revenues Over (Under) Expenditures	30026	(21197)	8829
<u>Other Financing Sources (Uses)</u>			
Transfers In (Out)	<u>(21197)</u>	<u>21197</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(21197)</u>	<u>21197</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8829	-0-	8829
FUND BALANCE, APRIL 1	<u>92244</u>	<u>-0-</u>	<u>92244</u>
FUND BALANCE, MARCH 31	\$ <u>101073</u>	\$ <u>-0-</u>	\$ <u>101073</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

BALANCE SHEET - GENERAL FUND

MARCH 31, 2005

ASSETS

Cash and Deposits	\$	95303
Accounts Receivable		<u>5770</u>

TOTAL ASSETS	\$	<u><u>101073</u></u>
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FUND EQUITY

Fund Balance		
Unreserved		101073
Reserved		<u>0</u>

TOTAL FUND EQUITY	\$	<u><u>101073</u></u>
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The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

**STATEMENT OF REVENUE - ACTUAL AND BUDGET
GENERAL FUND**

FISCAL YEAR ENDED MARCH 31, 2005
(With Comparable Totals for Fiscal Year Ended March 31, 2004)

	<u>FISCAL YEAR ENDED MARCH 31, 2005</u>			<u>FISCAL</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>YEAR</u> <u>ENDED</u> <u>3/31/04</u>
<u>LOCAL SOURCES</u>				
<u>Assessments</u>				
Bates Township	\$ 19000	\$	\$	\$ 19000
City of Iron River	19000			19000
Stambaugh Township	19000			19000
Iron River Township	19000			19000
	<u>19000</u>	<u></u>	<u></u>	<u>19000</u>
Total Assessments	76000	76000	0	76000
Interest	3429	2500	929	3219
<u>Other</u>				
Fire Services	3163	10000	(6837)	15407
Miscellaneous	12583	12000	583	1673
	<u>15746</u>	<u>22000</u>	<u>(6254)</u>	<u>17080</u>
<u>Federal Sources</u>				
Grants	10500	10500	0	44046
 TOTAL REVENUE	 \$ 105675	 \$ 111000	 \$ (5325)	 \$ 140345

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND**

FISCAL YEAR ENDED MARCH 31, 2005
(With Comparable Totals for Fiscal Year Ended March 31, 2004)

	<u>FISCAL YEAR ENDED MARCH 31, 2005</u>			<u>FISCAL</u>
			<u>VARIANCE</u>	<u>YEAR</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAVORABLE</u>	<u>ENDED</u>
			<u>(UNFAVORABLE)</u>	<u>3/31/04</u>
<u>LEGISLATIVE</u>				
Meetings and Stipends	\$ 7206	\$ 7500	\$ 294	\$ 6786
Office Supplies	604	700	96	645
Legal and Audit	<u>3061</u>	<u>3100</u>	<u>39</u>	<u>1723</u>
TOTAL LEGISLATIVE	10871	11300	429	9154
 <u>PUBLIC SAFETY</u>				
<u>Fire Protection</u>				
Contract Services	7044	8000	956	15804
Stand-by Fees	1000	1000	0	1000
Supplies	<u>1499</u>	<u>2100</u>	<u>601</u>	<u>6720</u>
Total Fire Protection	9543	11100	1557	23524
 <u>Equipment</u>				
Maintenance	979	1000	21	1669
Fuel	<u>594</u>	<u>700</u>	<u>106</u>	<u>615</u>
Total Equipment	1573	1700	127	2284
 <u>Fire Hall</u>				
Maintenance	1945	3300	1355	1852
Utilities	<u>8670</u>	<u>8700</u>	<u>30</u>	<u>8208</u>
Total Fire Hall	10615	12000	1385	10060
 <u>Other</u>				
Insurance	16304	16500	196	15627
Dues/Donations	505	2200	1695	2525
Miscellaneous	<u>120</u>	<u>200</u>	<u>80</u>	<u>559</u>
Total Other	16929	18900	1971	18711
 TOTAL PUBLIC SAFETY	\$ 38660	\$ 43700	\$ 5040	\$ 54579

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
(CONTINUED)

FISCAL YEAR ENDED MARCH 31, 2005
(With Comparable Totals for Fiscal Year Ended March 31, 2004)

	FISCAL YEAR ENDED MARCH 31, 2005			FISCAL
			VARIANCE	YEAR
	ACTUAL	BUDGET	FAVORABLE	ENDED
			(UNFAVORABLE)	3/31/04
<u>CAPITAL OUTLAY</u>				
Equipment	\$ 26118	\$	\$	\$ 47305
TOTAL CAPITAL OUTLAY	26118	34000	7882	47305
TOTAL EXPENDITURES	75649	89000	13351	111038
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan Proceeds	21197	22000	803	24000
TOTAL OTHER FINANCING SOURCES (USES)	21197	22000	803	24000
TOTAL OTHER EXPENDITURES AND OTHER FINANCING USES	\$ 96846	\$ 111000	\$ 14154	\$ 135038

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

BALANCE SHEET - DEBT SERVICE FUND

MARCH 31, 2005

<u>ASSETS</u>	\$	-0-
TOTAL ASSETS	\$	<u>-0-</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		-0-
Total Liabilities		-0-
<u>FUND EQUITY</u>		-0-
Total Fund Equity		-0-
TOTAL LIABILITIES AND FUND EQUITY	\$	<u>-0-</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
DEBT SERVICE FUND**

FISCAL YEAR ENDED MARCH 31, 2005
(With Comparable Totals for Fiscal Year Ended March 31, 2004)

	<u>FISCAL YEAR ENDED MARCH 31, 2005</u>			<u>FISCAL</u>
			<u>VARIANCE</u>	<u>YEAR</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAVORABLE</u>	<u>ENDED</u>
			<u>(UNFAVORABLE)</u>	<u>3/31/04</u>
<u>REVENUES</u>	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>EXPENDITURES</u>				
Long-Term Debt				
Principal	20752			22497
Interest	<u>445</u>			<u>1503</u>
TOTAL EXPENDITURES	21197	22000	803	24000
Excess of Revenues Over (Under) Expenditures	(21197)	(22000)	803	(24000)
<u>OTHER FINANCING USES</u>				
Transfer In (Out)	<u>21197</u>	<u>22000</u>	<u>(803)</u>	<u>24000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-0-	-0-	-0-	-0-
FUND BALANCE, APRIL 1	-0-			-0-
FUND BALANCE, MARCH 31	\$ <u>-0-</u>			\$ <u>-0-</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS

DECEMBER 31, 2004

ASSETS

Current Assets

Cash and cash equivalents

\$ 22032

Total Current Assets

22032

TOTAL ASSETS

\$ 22032

FUND EQUITY

Fund Balance, Unreserved

22032

TOTAL FUND EQUITY

\$ 22032

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY VOLUNTEER FIRE DEPARTMENT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNITS**

FISCAL YEAR ENDED DECEMBER 31, 2004

REVENUES

Fund raising	\$ 34523
Contract services	7044
Interest from investments	180
Donations	556
Miscellaneous income	700
	<hr/>

TOTAL REVENUES

\$ 43003

EXPENDITURES

Legislative

Advertising	575
Membership dues and donations	895
Licenses and fees	19
Other expenses	438
	<hr/>

Total Legislative

1927

Fund-Raising

Special events

32637

Total Fund-Raising

32637

Public Safety

Contract services
Supplies

7074

5076

Total Public Safety

12150

TOTAL EXPENDITURES

\$ 46714

Excess of Revenues Over (Under) Expenditures

-3711

FUND BALANCE, January 1

25743

FUND BALANCE, December 31

\$ 22032

The notes to the financial statements are an integral part of this report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENTAL STANDARDS**

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
West Iron County Fire Board
Iron River, Michigan 49935

We have audited the financial statements of the governmental activities and each major fund of the **West Iron County Fire Board**, as of and for the year ended March 31, 2005, which collectively comprise the **West Iron County Fire Board's** basic financial statements, and have issued our report thereon dated July 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **West Iron County Fire Board's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely manner by employees in the normal course of performing their assigned functions. We noted no such matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **West Iron County Fire Board's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Compliance and Other Matters (Continued)

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the Board, and federal awarding agencies and pass-through entities, and it is not intended to be, and should not be, used by anyone other than these specified parties.



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

July 15, 2005

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

July 15, 2005

Governing Board
West Iron County Fire Board
P.O. Box 203
Iron River, MI 49935

We have audited the financial statements of the **West Iron County Fire Board** for the year ended March 31, 2005, and have issued our report thereon dated July 15, 2005. Professional standards require that we provide you with the following information related to the audit:

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated April 25, 2005, our responsibility, as described by professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of the audit, we considered the internal control of the **West Iron County Fire Board**. Such considerations were solely for the purpose of determining the audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the **West Iron County Fire Board's** compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

Significant Accounting Policies (Continued)

The significant accounting policies used by the **West Iron County Fire Board** are described in the Note to the financial statements. There were no new accounting policies adopted and the application of existing policies was not changed during this year. We noted no transactions entered into by the **West Iron County Fire Board** during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no sensitive estimates affecting the financial statements as presented.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the **West Iron County Fire Board** that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the **West Iron County Fire Board's** financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

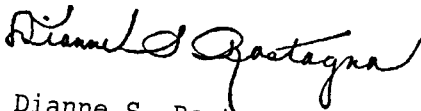
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the **West Iron County Fire Board's** auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing the audit.

This information is intended solely for the use of the Board and management of the **West Iron County Fire Board** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.